

Message Text

LIMITED OFFICIAL USE

PAGE 01 TRIPOL 01066 221407Z

53

ACTION NEA-10

INFO OCT-01 AF-06 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01

PRS-01 /097 W

----- 065217

R 221240Z SEP 75

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 2521

INFO AMEMBASSY ALGIERS

AMEMBASSY LAGOS

LIMITED OFFICIAL USE TRIPOLI 1066

E.O. 11652: N/A

TAGS: ENRG

SUBJECT: LIBYAN OIL PRODUCTION CUTBACK

1. LARG HAS MODIFIED ITS RECENT POLICY OF RAISING OIL OUTPUT BY ENFORCING CONSERVATION MEASURES. PRODUCTION HAD REACHED 2 MILLION BARRELS PER DAY IN JULY AND AUGUST, BUT WILL PROBABLY BE BETWEEN 1.4 AND 1.6 MILLION BARRELS FOR SEPTEMBER. THE BURDEN OF THE CUTBACK FALLS MOST HEAVILY ON OCCIDENTAL WITH CUTS OF AT LEAST 340,000 BARRELS PER DAY.

2. WHILE OILMEN HERE DECLARE THE REGULATIONS ARE EFFECTIVE IN TERMS OF CONSERVATION, THEY DO NOT DOUBT THE SINCERITY OF LARG'S CONSERVATION CONCERNS. IN THIS CASE, THE PER WELL ALLOWABLE REGULATIONS WERE IMPOSED IN AUGUST BY PETROLEUM MINISTRY TECHNICAL DEPT WHILE MINPT MABRUK WAS ON VACATION AND MINISTRY WAS UNDER LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TRIPOL 01066 221407Z

SUPERVISION OF AN ACTING UNDERSECRETARY, SHOUKRY

GHANIM. THAT MABRUK AND PREMIER JALLUD FELT HE EXCEEDED HIS AUTHORITY SEEMS INDICATED BY GHANIM'S DEPARTURE SHORTLY AFTER MABRUK'S RETURN TO LIBYA. OILMEN BELIEVE CUTBACKS WILL CONTINUE TO BE ENFORCED AT LEAST THROUGH SEPTEMBER AND THAT LARG IS TRYING TO ADJUST ITS PRODUCTION BETWEEN 1.6 AND 1.8 MILLION BARRELS PER DAY. THEY BELIEVE MABRUK DID NOT WISH TO REVERSE HIS MINISTRY'S INSTRUCTIONS ON ALLOWABLES, PARTICULARLY DURING THIS PERIOD OF TALK ABOUT POLITICAL PURGE AND REPRESSION AND THAT SUBSEQUENT TO IMPOSITION ALLOWABLE REGULATIONS, BOTH MABRUK AND PRIME MINISTER JALLUD MAY HAVE DECIDED THAT PRODUCTION CUTBACK PRIOR OPEC MEETING WOULD BE DESIRABLE.

3. ALTHOUGH THE CUTBACK SEEMS TO HAVE HAD ITS ORIGIN IN BUREAUCRATIC CONFUSION (WHICH PARTICULARLY ACUTE IN CURRENT POLITICAL CLIMATE) A COMBINATION OF FACTORS, IN ADDITION TO CONSERVATION CONSIDERATIONS, PROBABLY ARGUED FOR REDUCTION IN OUTPUT: (A) FACT THAT CURRENT REVENUE REQUIREMENTS CAN BE MET AT LESS THAN 2 MILLION BARREL PRODUCTION RATE; (B) EXPECTATION OF AN OCT 1 PRICE HIKE AND HIGHER FUTURE REVENUES; (C) POSSIBLE COMPLAINTS FROM ALGERIA AND NIGERIA OVER LOWERED LIBYAN PRICES AND THE DESIRE TO BE IN CLOSE ACCORD WITH OTHER OPEC PRODUCERS ON THE EVE OF THE VIENNA OPEC MEETING.

4. IN ANOTHER DEVELOPMENT MABRUK ANNOUNCED BRIEFLY LAST WEEK THAT LIBYA HAS MARKETING ITS ENTIRE ANTICIPATED PRODUCTION TO END THIS YEAR. HE ALSO SAID THAT HE MONTHLY INCOME FROM OIL SALES FOR JULY, AUGUST, SEPTEMBER WOULD BE MORE THAN 612 MILLION DOLLARS PER MONTH. RATHER THAN STATEMENT OF FACT, MABRUK'S COMMENTS WERE PROBABLY INTENDED TO DEMONSTRATE THAT LIBYA'S RECENT CASH FLOW PROBLEMS WERE TEMPORARY AND THAT LIBYA WILL AGAIN BE PAYING ITS BILLS ON TIME. LARG IS NOT REPORT NOT LIKELY TO HAVE MARKETING ITS FOURTH QUARTER PRODUCTION IN ADVANCE OF AN EXPECTED PRICE RISE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TRIPOL 01066 221407Z

STEIN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTION
Control Number: n/a
Copy: SINGLE
Draft Date: 22 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TRIPOL01066
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750327-1100
From: TRIPOLI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750928/aaaaaypn.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 10 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 APR 2003 by ShawDG>; APPROVED <26 NOV 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LIBYAN OIL PRODUCTION CUTBACK
TAGS: ENRG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006